



**OPERATIONS COMMITTEE
JANUARY 15, 2004**

SUBJECT: PROCUREMENT OF NON-INVENTORY PAPER SUPPLIES

ACTION: AWARD CONTRACTS FOR PURCHASE OF NON-INVENTORY PAPER SUPPLIES

RECOMMENDATION

Authorize the Chief Executive Officer to award three-year, unit price, multiple award agreements with AFA Enterprises, A&R Brokers, and Xpedx for the provision of non-inventory paper supplies in an amount not to exceed \$3,000,000, inclusive of a single one-year option, effective February 1, 2004.

RATIONALE

The MTA Printing Services Department uses a bench of suppliers for paper stock that is not maintained in regular inventory stores due to intermittent use and limited storage capacity.

These paper supplies are necessary to enable the Printing Services Department to carry out its functions. An appropriate paper stock must be obtained for each printing order according to the type of job being produced and the printing press being used. The paper stock is supplied in various weights, coatings, sheet sizes and rolls, and is used to produce the following types of materials:

- Timetables for buses and trains
- MTA business forms and letterheads
- Interior car cards for buses and trains
- Marketing and public information brochures
- Public newsletters (Metro Quarterly, Metro News)

These items are essential to day-to-day operations and enable MTA to achieve its objectives.

The contracts to be awarded are indefinite quantity/delivery agreements for a period of three years, based upon the proposed line item pricing submitted by the respective bidders. Each vendor was asked to supply individual bids on 70 different paper items. When a particular item

is needed, staff will place an order with the vendor who submitted the lowest bid on that item. Prices are guaranteed for the length of the contract. There is no obligation on the part of MTA to order any or all of the paper commodities that are included in these contract awards. Quantities for these bids were based on an estimate of annual usage with orders to be placed only as required.

BACKGROUND

MTA operates an in-house printing department at its downtown Los Angeles headquarters to support its printing requirements. Standard-sized paper supplies (e.g., 8-1/2" x 11", 11" x 17", etc.) are purchased by the MTA Procurement and Material Management Department as regular inventory items. However, non-standard paper supplies, as detailed in the IFB, are procured outside of this procedure. The volume of non-inventory paper supplies required by the MTA Printing Services Department is so substantial that a multi-year contract is the most efficient means of procuring this commodity. Accordingly, the MTA has leveraged its considerable purchasing volume to secure the most competitive pricing structure available for non-inventory paper supplies, based upon estimated quantities of use during the contract term, and has thereby taken advantage of associated economies of scale.

FINANCIAL IMPACT

The funding of \$560,000 for these materials was programmed into the FY04 budget in Cost Center 6460, Printing Services, project number 100001, account 50442, Printing Equipment & Supplies. Additional funding is identified in other Communications Cost Centers, as required, including Design Studio (Project No. 100001) and Marketing (Project Nos. 300011, 300022, 300033, 300044, 300055 & 405510). Since this is a multi-year contract, the cost center managers and Chief Communications Officer will be accountable for budgeting the cost in future years. In FY03, \$518,716 was expended on this project under line item 50442.

ALTERNATIVES CONSIDERED

The alternative is to implement individual paper procurements on an "as-needed" basis. This is not recommended since it does not provide a commitment from a supplier to ensure the availability and timely delivery of the products needed. Further, MTA would not be guaranteed any price stability; historically, there have been frequent increases in the wholesale paper market.

ATTACHMENTS

Procurement Summary

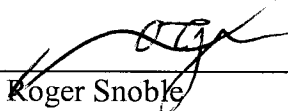
1. Attachment A
2. Attachment A-1
3. Attachment A-2

Prepared by: Warren Morse, Deputy Executive Officer, Communications
Gregory Moore, Contract Administrator



Warren Morse for MATT RAYMOND

Matt Raymond
Chief Communications Officer



Roger Snoble

Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

CONTRACT NO. PS64601464, NON-INVENTORY PAPER SUPPLIES

1.	Contract Number: PS64601464		
2.	Recommended Vendor(s): AFA Enterprises A&R Brokers Xpedx		
3.	Cost/Price Analysis Information: Indefinite Delivery/Quantity Unit Price Contract		
	A. Proposed Price:	Recommended Price:	
	B. Details of Cost/Price Analysis are in Attachment A-1.D		
4.	Contract Types: Indefinite Delivery/Quantity		
5.	Procurement Dates:		
	A. Issued: September 22, 2003		
	B. Advertised: September 22, 2003		
	C. Pre-bid/bid Conference: September 30, 2003		
	D. Bids/Bids Due: Monday, December 9, 2003		
	E. Pre-Qualification Completed: December 23, 2003		
	F. Conflict of Interest Form Submitted to Ethics: December 8, 2003		
6.	Small Business Participation:		
	A. Bid/Bid Goal: 5% DBE	Date Small Business Evaluation Completed: December 22, 2003	
	B. Small Business Commitment: See Attachment A-1		
7.	Invitation for Bid/Request for Bid Data:		
	Notifications Sent: 46	Bid/Bids Picked up: 8	Bid/Bids Received: 3
8.	Evaluation Information:		
	A. Bidders/Proposers Names: AFA Enterprises A&R Brokers Xpedx	<u>Bids/Bids Amount</u> Unit rates. Multiple awards based on low bid for each of seventy (70) line items.	<u>Best and Final Offer Amount:</u>
	Evaluation Methodology: Lowest priced, responsive and responsible bidder(s)		
9.	Protest Information:		
	A. Protest Period End Date: January 20, 2003		
	B. Protest Receipt Date: TBD		
	C. Disposition of Protest Date: TBD		
10.	Contract Administrator: Gregory Moore	Telephone Number: 922-7376	
11.	Project Managers: Robert Hartert	Telephone Number: 922-4353	

**BOARD REPORT ATTACHMENT “A-1”
PROCUREMENT SUMMARY**

CONTRACT NO. PS64601464, NON-INVENTORY PAPER SUPPLIES

A. Background of Contractor(s)

AFA Enterprises is a paper broker based in Corona, California. The firm is a certified Disadvantaged Business Enterprise (DBE) that was established in 1994. AFA has provided paper supplies for the MTA for the last three years under an extended contract.

A&R Brokers is a certified Disadvantaged Business Enterprise (DBE) that was established in 1974. The firm is based in Los Angeles and employs ten individuals. A&R has provided paper supplies under an extended agreement for over five years.

Xpedx is a wholly owned subsidiary of International Paper Company, and has been in business for five years. Xpedx is based in the City of Industry and employs approximately 400 individuals. Xpedx has provided the MTA with paper supplies for a four year period under an extended agreement.

B. Procurement Background

MTA utilized a sealed bid process under Invitation for Bids (IFB) No. PS646014564. The previous solicitation for Non-Inventory Paper supplies was released on May 20, 2003 and resulted in only a single responsive bid. Staff determined that an award to a single vendor was not in the best interests of the MTA. Consequently, staff requested Board authorization to reject all bids. The Board of Directors authorized the rejection of all bids at the December 4, 2003 Board of Directors meeting.

IFB No. PS64601464 was released on September 22, 2003 and advertised on September 22, 2003. A pre-bid conference was held on September 30, 2003, and three bids were received on December 9, 2003.

The Diversity & Economic Opportunity Department (DEOD) recommended a Disadvantaged Business Enterprise (DBE) participation goal of five percent (5%) for this task order contract. Achievement of the contract commitment will be based on the aggregate DBE attainment and participation percentages on the total task order(s) issued to the respective contractor.

C. Evaluation of Bids

Initial pricing evaluation was based upon the total value of separate line items for various paper commodities. Each line item will be awarded to the lowest bidder with the proviso that if the low bidder cannot provide requested paper supplies during the term of the contract in a timely manner, or cannot otherwise provide the required paper stock, the MTA reserves the right to place that particular order with the next, lowest responsive,

responsible bidder, based upon availability, as indicated on the Schedule of Quantities and Prices form. The bids were evaluated to ensure that the low bidder for each of the seventy (70) line items was responsive and responsible, and the procurement process was in compliance with all relevant MTA Procurement policies and procedures.

D. Cost/Price Analysis

The recommended unit price has been determined to be fair and reasonable based upon price analysis and adequate price competition under the competitive procurement process described herein.

**BOARD REPORT ATTACHMENT "A-2"
LIST OF SUBCONTRACTORS**

CONTRACT NO. PS64601464, NON-INVENTORY PAPER SUPPLIES

SMALL BUSINESS COMMITMENT:

Prime Contractor:	AFA Enterprises (DBE Prime)	60% DBE Commitment
Prime Contractor:	A&R Brokers (DBE Prime)	60% DBE Commitment
Prime Contractor: Subcontractor(s):	Xpedx Super Delivery Services (DBE Sub)	5% DBE Commitment

